

INDEPENDENT AUDITOR'S REPORT To The Shareholders of SAMA PRINTERS P. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Sama Printers P. Ltd.** which comprise the Statement of Financial Position as at Ashad 31, 2077, (July 15, 2020), the Statement of Profit or Loss and the Statement of Cash Flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid the financial statements presents fairly, in all material respects, the financial position of the firm, as at Ashad 31, 2077 (July 15, 2020), and its financial performance, changes in equity, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with Nepal Financial Reporting Standards and comply with other prevailing laws.

Basis for Opinion

We conducted our audit of the financial statements in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the firm in accordance with the Handbook of The Code of Ethics for Professional Accountants issued by The Institute of Chartered Accountants of Nepal (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the ICAN's Handbook of The Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Firm's Management is responsible for the preparation of the other information. The other information comprises the information included in the Management report, Report of the Board of Directors and Chairman's statement but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial Statements in accordance with Nepal Accounting Standards (NSA), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the firm's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the firm or to cease operations, or has no realistic alternative but to do so.

The Management is also responsible for overseeing the firm's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Firm's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the firm's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the firm to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our examination, we would like to further report that:

- i. We have obtained all the information and explanations, which were considered necessary for the purpose for our audit.
- ii. The firm has kept proper books of accounts as required by law, in so far as it appears from our examination of those books of account.
- iii. The Statement of Financial Position, Statement of Profit or Loss and the Statement of Cash Flows and attached Schedules dealt with by this report are in agreement with the books of account maintained by the firm.
- iv. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member thereof or any representative or any office holder or any employee of the Company has acted contrary to the provisions of law or caused loss or damage to the Company and
- v. We have not come across any fraudulence in the accounts, based on our sample examination of the books.

For, U. V. Associates, Chartered
Accountants



CA Virochan Khanal

Partner


Place: Kathmandu

Date: 2077.09.10

UDIN: 210107CA00888G3Jlj

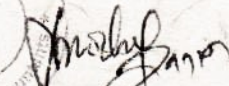
BALANCE SHEET
As at 31 Ashad 2077 (15 July 2020)

Particulars	Schedules	As at 31 Ashad 2077	As at 31 Ashad 2076
		Amount in NPR	Amount in NPR
SOURCES OF FUNDS			
Shareholders' Fund:			
Share Capital	1	67,796,000	27,796,454
Reserves and Surplus	2	13,679,021	3,601,200
Total Equity		81,475,021	31,397,654
Non-Current Liabilities:			
Bank Loan	8	402,379,754	420,959,994
Deferred Tax Liability	14.3c	-	6,254,249
Total Non-Current Liabilities		402,379,754	427,214,243
Current Liabilities:			
Sundry Creditors and Other Payables	9	260,571,804	311,409,648
Provisions	10	6,951,715	13,355,298
Total Current Liabilities		267,523,519	324,764,946
Total		751,378,293	783,376,843
APPLICATION OF FUNDS			
Non-Current Assets:			
Fixed Assets	4	297,797,536	319,313,910
Intangible Assets	4.1	7,281,326	601,255
Deferred Tax Asset	14.3c	1,529,731	-
Total Non-Current Assets		306,608,593	319,915,165
Current Assets:			
Current Assets, Loans and Advances			
Inventories	5	189,465,788	198,163,773
Account Receivables	6	171,937,676	158,703,620
Cash and Cash Equivalents	7	12,575,671	21,917,785
Advances, Deposits and Prepayments	8	70,790,565	84,676,500
Total Current Assets		444,769,700	463,461,678
Total		751,378,293	783,376,843
Schedules 1 to 10 & 14 forms an integral part of this Balance Sheet			
Significant Accounting Policies and Notes to Accounts		14	


Nkesh Adhikari
Director



As per our report of even date


CA Virochan Khanal
Partner
U. V. Associates
Chartered Accountants

Place: Kathmandu
Date: December 25, 2020


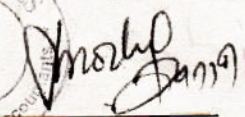
INCOME STATEMENT

For the year ended 31 Ashad 2077 (15 July 2020)

Particulars	Schedules	Current Year	Previous Year
		Amount in NPR	Amount in NPR
Income			
Sales		186,864,916	504,935,724
Other Income	11	948,962	8,459,235
Unrealised Foreign Exchange Gain		19,095	4,692,582
Total Income		187,832,973	518,087,541
Expenditure			
Cost of Sales	12	106,217,442	384,247,263
Administrative expenses	13	21,429,744	23,621,940
Interest expenses		31,318,882	51,006,791
Depreciation	4 & 4.1	23,672,267	31,888,090
Foreign exchange fluctuations		2,068,007	209,821
Provision for staff bonus		312,664	2,711,364
Provision for CSR		172,815	-
Total Expenditure		185,191,821	493,685,268
Profit Before Tax		2,641,152	24,402,273
Provision for Taxation:			
Current Tax Expense		-	4,129,148
Deferred Tax (Income)/Expense	14.3c	(7,783,980)	953,923
Profit/(loss) After Tax		10,425,132	19,319,202
Profit transferred to CSR Reserves		-	193,192
Interim Dividend			
Net Profit/(loss)		10,425,132	19,126,010
Schedules 4 and 11 to 14 forms an integral part of this Income Statement Significant Accounting Policies and Notes to Accounts			
	14		


Nimesh Adhikari
 Director

Place: Kathmandu
 Date: December 25, 2020

As per our report of even date


CA Virochan Khanal
 Partner
 U. V. Associates
 Chartered Accountants

CASH FLOW STATEMENT

For the year ended 31 Ashad 2077 (15 July 2020)

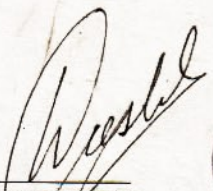
Particulars	Current Year	Previous Year
	Amount in NPR	Amount in NPR
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation & extraordinary items	2,641,152	24,402,273
Adjustments:		
Depreciation	23,672,267	31,888,090
Interest expenses	31,318,882	51,006,791
Loss from Foreign exchange fluctuation	2,068,007	209,821
Provision for bonus	312,664	2,711,364
Provision for gratuity	989,220	1,015,107
Provision for csr	172,815	-
Cash flow from operation before changes in working capital	61,175,007	111,233,446
(Increase) / decrease in current assets	5,852,802	(117,789,710)
Increase / (decrease) in current liabilities	(55,896,607)	117,552,355
Cash flow from operation before income tax	11,131,202	110,996,091
Gratuity Paid	(455,467)	(565,789)
Bonus paid	(2,711,364)	(2,420,369)
Advance income tax	3,497,062	(6,675,531)
Net cash flow from operating activities:	11,461,433	101,334,401
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(8,835,964)	(6,818,989)
Proceeds from sale of investment	-	-
Proceeds from sale of fixed assets	-	-
Net cash flow from investing activities:	(8,835,964)	(6,818,989)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of loan	(4,970,359)	(55,531,771)
Advance share capital	39,999,546	0
Proceeds from borrowing	(13,609,881)	27,108,657
Interest income/(expenses)	(31,318,882)	(51,006,791)
Net cash flow from financing activities :	(9,899,577)	(79,429,905)
D. EFFECT OF EXCHANGE RATE CHANGES	(2,068,007)	(209,820)
Net increase/ (decrease) in cash (A+B+C+D) :	(9,342,115)	14,875,687
Cash and cash equivalents at the beginning of the year	21,917,785	7,042,098
Cash and cash equivalents at the end of the year	12,575,671	21,917,785

Schedule 1 to 14 form an integral part of this Cash Flow Statement

Significant Accounting Policies and Notes to Accounts

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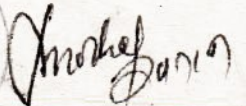
As per our report of even date.


Nikesh Adhikari
Director

Place: Kathmandu

Date: December 25, 2020




CA Virochan Khanal
Partner
U. V. Associates
Chartered Accountants